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# Comment 2 on 'Agricultural Innovation' by Alston and Pardey*

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The editors of this volume may have made an error in inviting me to comment. A stimulating debate is enhanced by vigorous challenge and perhaps even dissent. But, I found myself in agreement with much of this paper.

The paper provides an extensive review of contributions of (largely) Australian researchers. Its relatively narrow focus is at once its strength and its weakness. The detailed documentation of the work of Australian agricultural economists extending over the 60-year life of the society will prove a valuable resource for future scholars interested in the history of thought on innovation in agriculture. With over 200 references, this is a treasure trove of 'who did what'.

The authors faced difficult decisions about the boundaries of their task. The consequence of their inevitably constrained focus is that the paper ventures little beyond agricultural innovation in the Australasian sphere. Some linkages into the broader areas of innovation and its drivers could have provided more context and a richer setting.

There is a large international literature on the economics on innovation to which the authors briefly allude. However, a synoptic overview of some this literature covering key questions and insights could have provided a backdrop to the whole theme of innovation and highlighted the issues and lessons that were pertinent to the agricultural sector. Gregory (1993) reviews the Australian system, while Elnasri and Fox (2014) analyse the contribution of research and innovation on Australian productivity growth showing the extent of spillovers from public agencies and universities, and who better than the authors themselves (Pardey *et al*. 2010).

Incentives for innovation are powerfully driven by general macroeconomic policies working through exchange rates, interest rates and expectations and by industry assistance policies such as import quotas on manufacturing products. Economists in Australia and New Zealand have actively researched and advised on these policies. The outstanding work of Gregory (1976), Corden (2012), Clements and Sjaastad (1984), Anderson *et al*. (2009) and Lloyd and MacLaren (2008) is not mentioned here (but is in the contribution

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to this issue by Anderson). Arguably, these issues have greater importance for innovation in agriculture than some of the more narrowly defined work with which the paper details.

Agricultural economists have long made use of unit record data. However, with the exception of some frontier studies and ICRISAT's village studies, not a great use has been made of this resource. More notable is the fact that the literature on innovation and productivity is increasingly analysing longitudinal data, with modern panel data econometrics (e.g. Soames *et al.* 2011). This might well be added to authors' list of unfinished business agenda.

In summary, given the limited territory the authors staked out, they have achieved their objectives admirably. Readers looking for a deeper understanding will need to cast the net somewhat further to encompass more links to the wider literature of which this paper is a microcosm. As Nobel Laureate, T.W. Schultz observed: 'we should be interested in the economics of agriculture, not agricultural economics'.

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